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SUBJECT: Iraq Generates 5000 MW of Electricity - ITAO Project
Update

¶1. SUMMARY. On June 7, 2007 electricity peak production in Iraq achieved a milestone of 5000 MW and on the next day production reached 5208 MW. After a short downturn, over 5000 MW was again attained on June 13th and 14th. These are the highest production levels since August of 2006 and represent a sustained climb from the low point below 4000 MW in January 2007. This achievement highlights the collaborative work of the GOI and USG on infrastructure in Iraq. END SUMMARY.

¶2. The deficiency in the Iraq electric power system is that production is rising, but is chasing after rapidly increasing demand. Many years of economic sanctions and isolation from Western technology contributed to severe deterioration of the power utility infrastructure. Ongoing challenges include major breakdowns, interdictions of transmission lines and lack of fuel. U.S. and coalition partners are directly adding over 2000 MW to the Iraqi system. 85% of the new capacity will be on line by the end of 2007. More importantly, the reconstruction efforts have emphasized to the Ministry of Electricity the importance of long term operating and maintenance principles.

¶3. Coalition Forces have focused on providing adequate security to achieve quick repairs to transmission lines while USG and GOI personnel expedite the repairs. Increased generation and reliable distribution are part of a strategy to get more power into the Baghdad ring in order to provide essential services to citizens and businesses. At the same time, the provinces are receiving more power through the national grid than they ever did during Saddam's time, when the sole priority was power for Baghdad. Our current objective is to spur economic activity and enhance the quality of life for Iraqis, particularly as the surge becomes more successful in reducing and eliminating violence.

¶4. The Minister of Electricity, Dr. Karim, specifically has been pressing his organization to put as much generation on line as possible for the summer months. Dr. Karim meets several times a week with ITAO and GRD project managers to monitor the highest priority projects. 5000 MW is only a stepping stone towards his goal to routinely produce 6000 MW in time for the peak season occurring in late July through early September. We believe this goal is achievable.

Comment

¶5. It is worth noting that the 5000 MW level has been met, but it may well fall back below that level in the short term. Fuel supply problems and insurgent attacks can take power off-line at any time. However, the essential fact is that more power is being produced in Iraq than it was during Saddam's time and the trend is upward: increased power will become available over the next year and beyond. The challenge will be to meet the rapidly increasing demand for power from consumers and new economic activity. We will focus on assisting the Ministry of Electricity with its planning, its operations management, and its budget execution to equip it to meet the challenge.

